

UTAH Renewable Portfolio Standard-STRAWMAN
By Utah Division of Air Quality Staff
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Note: This Strawman is not a recommendation but meant to direct the conversation. The strawman is intended to be changed by the group.

a) Target:

Investor Owned Utility (IOUs):	20% by 2020
Municipalities:	5-10% by 2020
Rural Electric Co-ops:	5-10% by 2020

Targets for Municipalities and Co-ops that currently have a surplus in energy will not be applicable unless new resources are acquired.

Annexing of IOU service territory by Municipalities or Co-ops without consent, will trigger full (IOU) RPS targets.

b) Definitions of Renewable

biomass energy;

hydroelectric energy.

geothermal energy;

solar energy;

wind energy.

needs to be qualified

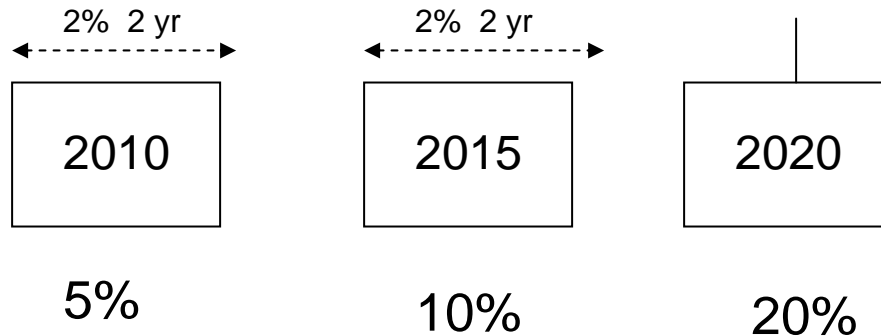
biomass energy" means any of the following that is used as the primary source of energy to produce fuel or electricity:

- (i) material from a plant or tree; or
- (ii) other organic matter that is available on a renewable basis, including:
 - (A) slash and brush from forests and woodlands;
 - (B) animal waste;
 - (C) methane produced:
 - (I) at landfills; or
 - (II) as a byproduct of the treatment of wastewater residuals;
 - (D) aquatic plants; and
 - (E) agricultural products.
- (b) "Biomass energy" does not include:
 - (i) black liquor;
 - (ii) treated woods; or
 - (iii) biomass from municipal solid waste other than methane produced:
 - (A) at landfills; or
 - (B) as a byproduct of the treatment of wastewater residuals.

Other resources as determined by the state wide governing body (PSC, DEQ?).

c) Compliance

Beginning in calendar year 2010 IOU's have the following milestones:



There would be a 2% 2 yr window for 2010 and 2015 milestones to prevent artificial markets; however 2020 is a hard deadline.

Municipalities and Co-ops do not have intermediate milestones.

Compliance will be met through the use of Renewable Energy Certificates.

d) Renewable Energy Certificates

Compliance of the RPS requires proof of the qualifying electricity. This proof is in the form of a Renewable Energy Certificate (REC). Electric utilities can use both bundled and unbundled RECs within the Western Electricity Coordinating Council (WECC).

The Electricity associated with a bundled REC must also be delivered to the utility. However, the associated renewable electricity can be “swapped out” for non-qualifying electricity (e.g., from natural gas or coal) as it makes its way to the final destination. This allowed for non-qualifying electricity to “shape” or “firm” wind power and other intermittent power resources.

For IOU's, no more than 20 percent of their compliance in a given year may be met through the use of unbundled RECs. For the Municipalities and Co-ops, no more than 50 percent of their compliance in a given year may be met through the use of unbundled RECs.

e) Issuance of Certificates

A statewide governing body will issue RECs and the tracking will be done by WREGIS.

f) Existing Facilities

An existing facility is defined as those that became operational before January 1, 1995.

g) Renewable Energy Certificate Trading

Electric utilities can use both bundled and unbundled RECs within the Western Electricity Coordinating Council (WECC). RECs may only be used once and only by the owner of the REC.

h) Recovery of Costs

All prudently incurred costs associated with complying with the RPS are recoverable.

i) Cost Caps

Utilities are not required to comply with the RPS to the extent that the sum of the incremental costs of compliance with the RPS, the costs of the unbundled RECs, and the alternative compliance payments made exceed four percent of a utility's annual revenue requirement in a compliance year. RPS compliance costs are not included in the annual revenue requirement to prevent a compounding effect.

j) Alternative Compliance Payments

In lieu of procuring renewable energy resources, utilities can pay an Alternative Compliance Payment (ACP), to be placed in a fund that can only be used for acquiring renewable energy resources in the future, or for energy efficiency and conservation programs. Rates for each utility will be established on a per megawatt-hour (MWh) basis by the Utah Public Service Commission (PSC). This mechanism sets an effective cap on the cost of complying with the RPS.

k) Green Power Programs for All Utilities

Every utility in Utah must offer their customers the option of voluntarily purchasing renewable energy. These purchases will not count toward an RPS.

l) Misc

By Oct 1, 2008, the state must establish an automatic adjustment clause method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity transmission.

The RPS shall allow utilities to recover in the rates of all but the largest customers the costs of conservation measures.

Utilities and Independent Generators must submit annual compliance reports to the PSC or governing state-wide body.